(d) if so, whether Japanese companies are now keen to invest in India;

(e) whether any agreement between India and Japan has been reached for any joint investment; and

(f) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) Yes, Sir.

(b) Japan ranks third in terms of total Foreign Direct Investment (FDI) inflows to India. Inflows amounting to US $ 1.7 billion have been received from 1991 till date and accounts for around 8% of the total FDI inflows during this period.

(c) The favourable investment climate in India and the significant potential of investment flows between the two countries was also highlighted during the recent visit of Prime Minister of India to Japan.

(d) to (f) Japanese investors perceive India as an important investment destination in the medium and long term. India is ranked fifth (in the short-term-three years) and second (in the long term-ten years) by the Japan Bank for International Cooperation Survey 1999-2002. The survey of Japan External Trade Organization (JETRO), Japanese Exim Bank, Ministry of Economy, Trade and Industry (METI) rate India as an ideal investment destination due to various factors, namely, liberal FDI policy, strong macroeconomic fundamentals, major economic reforms, Special Economic Zones(SEZs), FDI trends and procedural rationalization. Top sectors attracting FDI from Japan are transportation Industries, Telecommunications, Fuels, Chemicals and Electrical equipment.

Opening of branches of banks in rural areas

1684. DR. M.N. DAS:
DR. T. SUBBARAMI REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India has decided to adopt tough stand on banks' reluctance to open branches in the rural and semi-urban areas, as committed by them in their licensing agreements;

(b) if so, whether the Ministry of Finance has urged RBI to send a message to the banks to fall in line with the licensing condition under which each of them are required to have a least 25 per cent of their branches in the rural and semi-urban areas;

(c) the total number of new private banks opened in the country; and

(d) how many of them have followed this directive?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Reserve Bank of India (RBI) has reported that public sector banks and private banks have 65.3% and 52.5% of their branches in Rural/semi-urban areas respectively. As regards identification of location for opening of branches, under the extant branch licensing policy the same is left to the discretion of the banks who in turn into consideration potential for business at the centre, profitability of the proposed branch, availability of infrastructure and security etc.

(c) and (d) There are 10 new private sector banks functioning in the country. All new private sector banks are having 25% of their branches in Rural/semi-urban centres except Kotak Mahindra Bank Ltd. set up on 22.3.2003.The bank has been advised to open 25% branches in Rural/semi-urban centres within 3 years as a condition stipulated in its licence.

Outstanding Loans of States

1685. SHRI S. VIDUTHALAI VIRUMBI: Will the Minister of FINANCE be pleased to state:

(a) what was the total outstanding loans of the State Governments including that payable to the Central Government during the first and the last year of the Ninth Five Year Plan period;

(b) what is the present position of State Governments (State-wise) regarding all loans payable by them including the amount owed to the Central Government; and

(c) what action has been taken so far to reduce that burden of the State Government?